

## EARNED INCOME TAX CREDIT

For 2007, the Earned Income Tax Credit can boost the paychecks of low – wage and moderate income workers higher than ever before. Income and family size determine the amount of the EITC. The Earned Income Tax Credit (EITC) is a tax credit for people who work, but do not earn high incomes. If they qualify and claim the credit, they could pay less federal tax, pay no tax or even receive a refund beyond the amount of tax withheld. New parents, grandparents raising grandchildren and foster parents may not realize they qualify.

To qualify for the credit, both the earned income and the adjusted gross income for 2006 must be less than \$32,001 for a taxpayer with one qualifying child (\$34,001 for married filing jointly), \$36,348 for a taxpayer with more than one qualifying child (\$38,348 for married filing jointly), and \$12,120 for a taxpayer with no qualifying children (\$14,120 for married filing jointly). For 2007, some employees with at least one child living with them may be entitled to receive advance EITC payments in their paychecks. The employee must file Form W-5, Earned Income Credit Advance Payment Certificate, with an employer to receive the advance payments. The employer then pays part of the credit to the employee in advance throughout the year. The taxpayer claims the rest when filing the 2006 tax return. The IRS has a website devoted to the EITC with much information for recipients and tax preparers. The website is <http://www.irs-eitc.info>.

Based on the information given, we are making every effort to notify as many people as possible of the Earned Income Credit (EITC). Posters and pamphlets will be mailed to counties and should be available in waiting rooms in county offices along with flyers, information on how to get free tax filing assistance, and detailed information on who is potentially eligible for this tax credit. Most of these materials are in English and Spanish. (Please note: the IRS information will be mailed to the county offices as soon as it is received.) It is important to know that the EITC will not affect eligibility for Family Assistance, Medicaid, Food Stamps, SSI, and public or subsidized housing.